

Senate Bill No. 5

Passed the Senate January 30, 2002

Secretary of the Senate

Passed the Assembly January 30, 2002

Chief Clerk of the Assembly

This bill was received by the Governor this _____ day of
_____, 2002, at _____ o'clock __M.

Private Secretary of the Governor



CHAPTER _____

An act to amend Sections 33050, 42238, 42238.12, 42238.44, 51725, 51727, and 51729 of, and to add Sections 42238.45 and 52055.660 to, the Education Code, to amend Section 1 of Chapter 723 of the Statutes of 2001, and to amend Section 33 of Chapter 891 of the Statutes of 2001, relating to education, making an appropriation therefore, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 5, Peace. Education.

(1) Existing law requires the county superintendent of schools to adjust the total revenue limit for each school district in the jurisdiction of the county superintendent of schools by the amount of increased or decreased employer contributions to the Public Employees' Retirement System (PERS) and sets forth a method for calculating that amount for the 1995–96 fiscal year and each fiscal year thereafter. Existing law provides that certain funding appropriated in the Budget Act of 2001 is for the purpose of limiting reductions to revenue limits made for purposes of the decreased employer contributions to PERS and sets forth parameters for apportionment reductions in the 2002–03 fiscal year.

This bill would provide that funding appropriated in the Budget Act of 2001, or legislation amending that act, for the purpose of limiting reductions to revenue limits for the 2001–02 fiscal year is to be allocated on a one-time basis. The bill would appropriate \$35,000,000 from the General Fund to Section A of the State School Fund for purposes of limiting the reductions to revenue limits for the 2003–04 fiscal year and would limit reductions to revenue limits for the 2004–05 fiscal year and each fiscal year thereafter to \$35,000,000 increased annually by cost-of-living adjustments, as specified.

The funds appropriated by this bill for the 2003–04 fiscal year would be applied toward that fiscal year's minimum funding requirements for school districts and community college districts imposed by Section 8 of Article XVI of the California Constitution.



(2) Existing law requires the Superintendent of Public Instruction to compute an equalization adjustment, for the 2001–02 fiscal year, for each school district so that no district’s prior year base revenue limit per unit of average daily attendance is less than the prior year base revenue limit per unit of average daily attendance above which fall not more than 10% of the total statewide units of average daily attendance for the appropriate size and type of district. Existing law appropriates \$40,000,000 from the Proposition 98 Reversion Account for purposes of funding the equalization adjustment for the 2001–02 fiscal year.

This bill would require the equalization adjustment to be made on a one-time basis and would exclude that adjustment from the school district base revenue limits. The bill would require the Superintendent of Public Instruction to compute a similar equalization adjustment for the 2003–04 fiscal year that would be included in the school district base revenue limits. The bill would require the Superintendent of Public Instruction to compute a similar equalization adjustment for the 2003–04 fiscal year that would be included in the school district base revenue limits.

(3) Existing law establishes the California Peer Assistance and Review Program for Teachers and sets forth a formula for determining the amount of funding the Superintendent of Public Instruction is required to apportion to each participating school district.

This bill would prohibit the State Board of Education from waiving certain provisions of the program.

(4) Existing law establishes the High-Tech High School Grant Program to provide 10 one-time grants for the purposes of establishing new high-tech high schools. Existing law requires the grants to be awarded in 2 phases. Existing law repeals the program on January 1, 2003.

This bill would reduce the number of grants to 5 and would eliminate the second phase of the program. The total amount of a grant would be awarded over a 2-year period. The bill would require the Superintendent of Public Instruction to report to the Legislature on the status of the program by May 1, 2003, and would extend the repeal of the program until January 1, 2004.

(5) Existing law establishes the High Priority Schools Grant Program for Low Performing Schools within the Public Schools Accountability Act of 1999 with priority for participation being



given to lowest ranked schools. Existing law requires the Superintendent of Public Instruction to allocate \$200 per pupil to participating schools for implementation of their school action plans, as specified.

This bill would specify that the program will be implemented only if the annual Budget Act contains an appropriation for this purpose.

(6) Existing law requires the Controller to allocate \$66,728,000 appropriated for the payment of state-mandated local program claims from school districts for schoolbus related costs incurred from July 1, 1996, to June 30, 2002, inclusive.

This bill would require the Controller to make that allocation only if funds are provided in the Budget Act of 2001, as amended by legislation enacted during the 2001–02 Third Extraordinary Session or future Budget Acts.

(7) Existing law appropriates \$40,000,000 from the Proposition 98 Reversion Account to the Superintendent of Public Instruction for purposes set forth in prescribed provisions of law relating to equalization funding.

This bill would amend this appropriation to, instead, appropriate those funds pursuant to similar, but different, provisions of law relating to equalization funding.

(8) This bill would declare that it is to take effect immediately, as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Section 33050 of the Education Code is amended to read:

33050. (a) The governing board of a school district or a county board of education, on a districtwide or countywide basis or on behalf of one or more of its schools or programs, after a public hearing on the matter, may request the State Board of Education to waive all or part of any section of this code or any regulation adopted by the State Board of Education that implements a provision of this code that may be waived, except:

(1) Article 1 (commencing with Section 15700) and Article 2 (commencing with Section 15780) of Chapter 4 of Part 10.

(2) Chapter 6 (commencing with Section 16000) of Part 10.

(3) Chapter 12 (commencing with Section 17000), Chapter 12.5 (commencing with Section 17070.10), and Chapter 14 (commencing with Section 17085) of Part 10.

(4) Part 13 (commencing with Section 22000).

(5) Section 35735.1.

(6) Paragraph (8) of subdivision (a) of Section 37220.

(7) The following provisions of Part 10.5 (commencing with Section 17211):

(A) Chapter 1 (commencing with Section 17211).

(B) Article 1 (commencing with Section 17251) to Article 6 (commencing with Section 17365), inclusive, of Chapter 3.

(C) Sections 17416 to 17429, inclusive; Sections 17459 and 17462 and subdivision (a) of Section 17464; and Sections 17582 to 17592, inclusive.

(8) The following provisions of Part 24 (commencing with Section 41000):

(A) Sections 41000 to 41360, inclusive.

(B) Sections 41420 to 41423, inclusive.

(C) Sections 41600 to 41866, inclusive.

(D) Sections 41920 to 42911, inclusive.

(9) Sections 44504 and 44505.

(10) Article 3 (commencing with Section 44930) of Chapter 4 of Part 25 and regulations in Title 5 of the California Code of Regulations adopted pursuant to Article 3 (commencing with Section 44930) of Chapter 4 of Part 25.

(11) Part 26 (commencing with Section 46000).

(12) Chapter 6 (commencing with Section 48900) and Chapter 6.5 (commencing with Section 49060) of Part 27.

(13) Section 51513.

(14) Chapter 6.10 (commencing with Section 52120) of Part 28, relating to class size reduction.

(15) Section 52163.

(16) The identification and assessment criteria relating to any categorical aid program, including Sections 52164.1 and 52164.6.

(17) Sections 52165, 52166, and 52178.

(18) Article 3 (commencing with Section 52850) of Chapter 12 of Part 28.

(19) Section 56364.1, except that this restriction shall not prohibit the State Board of Education from approving any waiver

of Section 56364 or Section 56364.2, as applicable, relating to full inclusion.

(20) Article 4 (commencing with Section 60640) of Chapter 5 of Part 33, relating to the STAR Program, and any other provisions of Chapter 5 (commencing with Section 60600) of Part 33 that establish requirements for the STAR Program.

(b) Any waiver of provisions related to the programs identified in Section 52851 shall be granted only pursuant to Article 3 (commencing with Section 52850) of Chapter 12 of Part 28.

(c) The waiver of an advisory committee required by law shall be granted only pursuant to Article 4 (commencing with Section 52870) of Chapter 12 of Part 28.

(d) Any request for a waiver submitted by the governing board of a school district or a county board of education pursuant to subdivision (a) shall include a written statement as to both of the following:

(1) Whether the exclusive representative of employees, if any, as provided in Chapter 10.7 (commencing with Section 3540) of Division 4 of Title 1 of the Government Code, participated in the development of the waiver.

(2) The exclusive representative's position regarding the waiver.

(e) Any request for a waiver submitted pursuant to subdivision (a) relating to a regional occupational center or program established pursuant to Article 1 (commencing with Section 52300) of Chapter 9 of Part 28, that is operated by a joint powers entity established pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, shall be submitted as a joint waiver request for each participating school district and shall meet both of the following conditions:

(1) Each joint waiver request shall comply with all of the requirements of this article.

(2) The submission of a joint waiver request shall be approved by a unanimous vote of the governing board of the joint powers agency.

(f) The governing board of any school district requesting a waiver under this section of any provision of Article 5 (commencing with Section 39390) of Chapter 3 of Part 23 shall provide written notice of any public hearing it conducted pursuant



to subdivision (a), at least 30 days prior to the hearing, to each public agency identified under Section 39394.

SEC. 2. Section 42238 of the Education Code is amended to read:

42238. (a) For the 1984–85 fiscal year and each fiscal year thereafter, the county superintendent of schools shall determine a revenue limit for each school district in the county pursuant to this section.

(b) The base revenue limit for the current fiscal year shall be determined by adding to the base revenue limit for the prior fiscal year the following amounts:

(1) The inflation adjustment specified in Section 42238.1.

(2) For the 1995–96 fiscal year, the equalization adjustment specified in Section 42238.4.

(3) For the 1996–97 fiscal year, the equalization adjustments specified in Sections 42238.41, 42238.42, and 42238.43.

(4) For the 1985–86 fiscal year, the amount received per unit of average daily attendance in the 1984–85 fiscal year pursuant to Section 42238.7.

(5) For the 1985–86, 1986–87, and 1987–88 fiscal years, the amount per unit of average daily attendance received in the prior fiscal year pursuant to Section 42238.8.

(6) For the 2003–04 fiscal year, the equalization adjustment specified in Section 42238.44.

(c) Except for districts subject to subdivision (d), the base revenue limit computed pursuant to subdivision (b) shall be multiplied by the district average daily attendance computed pursuant to Section 42238.5.

(d) (1) For districts for which the number of units of average daily attendance determined pursuant to Section 42238.5 is greater for the current fiscal year than for the 1982–83 fiscal year, compute the following amount, in lieu of the amount computed pursuant to subdivision (c):

(A) Multiply the base revenue limit computed pursuant to subdivision (c) by the average daily attendance computed pursuant to Section 42238.5 for the 1982–83 fiscal year.

(B) Multiply the lesser of the amount in subdivision (c) or 1.05 times the statewide average base revenue limit per unit of average daily attendance for districts of similar type for the current fiscal year by the difference between the average daily attendance



computed pursuant to Section 42238.5 for the current and 1982–83 fiscal years.

(C) Add the amounts in subparagraphs (A) and (B).

(2) This subdivision shall become inoperative on July 1, 1998.

(e) For districts electing to compute units of average daily attendance pursuant to paragraph (3) of subdivision (a) of Section 42238.5, the amount computed pursuant to Article 4 (commencing with Section 42280) shall be added to the amount computed in subdivision (c) or (d), as appropriate.

(f) For the 1984–85 fiscal year only, the county superintendent shall reduce the total revenue limit computed in this section by the amount of the decreased employer contributions to the Public Employees' Retirement System resulting from enactment of Chapter 330 of the Statutes of 1982, offset by any increase in those contributions, as of the 1983–84 fiscal year, resulting from subsequent changes in employer contribution rates.

(g) The reduction required by subdivision (f) shall be calculated as follows:

(1) Determine the amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately prior to the enactment of Chapter 330 of the Statutes of 1982 were in effect during the 1983–84 fiscal year.

(2) Subtract from the amount determined in paragraph (1) the greater of subparagraph (A) or (B):

(A) The amount of employer contributions that would have been made in the 1983–84 fiscal year if the applicable Public Employees' Retirement System employer contribution rate in effect immediately after the enactment of Chapter 330 of the Statutes of 1982 were in effect during the 1983–84 fiscal year.

(B) The actual amount of employer contributions made to the Public Employees' Retirement System in the 1983–84 fiscal year.

(3) For purposes of this subdivision, employer contributions to the Public Employees' Retirement System for any of the following shall be excluded from the calculation specified above:

(A) Positions supported totally by federal funds that were subject to supplanting restrictions.

(B) Positions supported by funds received pursuant to Section 42243.6.



(C) Positions supported, to the extent of employer contributions not exceeding twenty-five thousand dollars (\$25,000) by any single educational agency, from a revenue source determined on the basis of equity to be properly excludable from the provisions of this subdivision by the Superintendent of Public Instruction with the approval of the Director of Finance.

(4) For accounting purposes, the reduction made by this subdivision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent of Public Instruction.

(h) The Superintendent of Public Instruction shall apportion to each school district the amount determined in this section less the sum of:

(1) The district's property tax revenue received pursuant to Chapter 3 (commencing with Section 75) and Chapter 6 (commencing with Section 95) of Part 0.5 of the Revenue and Taxation Code.

(2) The amount, if any, received pursuant to Part 18.5 (commencing with Section 38101) of the Revenue and Taxation Code.

(3) The amount, if any, received pursuant to Chapter 3 (commencing with Section 16140) of the Government Code.

(4) Prior years' taxes and taxes on the unsecured roll.

(5) Fifty percent of the amount received pursuant to Section 41603.

(6) The amount of motor vehicle license fees distributed pursuant to Section 11003.4 of the Revenue and Taxation Code.

(7) The amount, if any, received pursuant to any provision of the Community Redevelopment Law (Part 1 (commencing with Section 33000) of Division 24 of the Health and Safety Code), except for any amount received pursuant to Section 33401 or 33676 of the Health and Safety Code that is used for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance, except for any amount received pursuant to Section 33492.15, paragraph (4) of subdivision (a) of Section 33607.5, or Section 33607.7 of the Health and Safety Code that is allocated exclusively for educational facilities.

(8) For a unified school district, other than a unified school district that has converted all of its schools to charter status pursuant to Section 47606, the amount of statewide average



general-purpose funding per unit of average daily attendance received by school districts for each of four grade level ranges, as computed by the State Department of Education pursuant to Section 47633, multiplied by the average daily attendance, in corresponding grade level ranges, of any pupils who attend charter schools funded pursuant to Chapter 6 (commencing with Section 47630) of Part 26.8 for which the district is the sponsoring local educational agency, as defined in Section 47632, and who reside in and would otherwise have been eligible to attend a noncharter school of the district.

(i) No transfer of seventh and eighth grade pupils between an elementary school district and a high school district shall result in the receiving district receiving a revenue limit apportionment for those pupils that exceeds 105 percent of the statewide average revenue limit for the type and size of the receiving school district.

SEC. 3. Section 42238.12 of the Education Code is amended to read:

42238.12. (a) For the 1995–96 fiscal year and each fiscal year thereafter, the county superintendent of schools shall adjust the total revenue limit for each school district in the jurisdiction of the county superintendent of schools by the amount of increased or decreased employer contributions to the Public Employees’ Retirement System resulting from the enactment of Chapter 330 of the Statutes of 1982, adjusted for any changes in those contributions resulting from subsequent changes in employer contribution rates, excluding rate changes due to the direct transfer of the state-mandated portion of the employer contributions to the Public Employees’ Retirement System, through the current fiscal year. The adjustment shall be calculated for each school district, as follows:

(1) (A) Determine the amount of employer contributions that would have been made in the current fiscal year if the applicable Public Employees’ Retirement System employer contribution rate in effect immediately prior to the enactment of Chapter 330 of the Statutes of 1982 were in effect during the current fiscal year.

(B) For the purposes of this calculation, no school district shall have a contribution rate higher than 13.020 percent.

(2) Determine the actual amount of employer contributions made to the Public Employees’ Retirement System in the current fiscal year.



(3) If the amount determined in paragraph (1) for a school district is greater than the amount determined in paragraph (2), the total revenue limit computed for that school district shall be decreased by the amount of the difference between those paragraphs; or, if the amount determined in paragraph (1) for a school district is less than the amount determined in paragraph (2), the total revenue limit for that school district shall be increased by the amount of the difference between those paragraphs.

(4) For the purpose of this section, employer contributions to the Public Employees' Retirement System for any of the following positions shall be excluded from the calculation specified above:

(A) Positions or portions of positions supported by federal funds that are subject to supplanting restrictions.

(B) Positions supported by funds received pursuant to Section 42243.6.

(C) Positions supported, to the extent of employers contributions not exceeding twenty-five thousand dollars (\$25,000) by any single educational agency, from a non-General Fund revenue source determined to be properly excludable from this section by the Superintendent of Public Instruction with the approval of the Director of Finance.

(5) For accounting purposes, any reduction to district revenue limits made by this provision may be reflected as an expenditure from appropriate sources of revenue as directed by the Superintendent of Public Instruction.

(6) The amount of the increase or decrease to the revenue limits of school districts computed pursuant to paragraph (3) for the 1995–96 fiscal year or any fiscal year thereafter shall not be adjusted by the deficit factor applied to the revenue limit of each school district pursuant to Section 42238.145.

(b) Funding appropriated through the Budget Act of 2001 or legislation amending the Budget Act of 2001 for the purpose of limiting the reductions to revenue limits calculated pursuant to this section and to Section 2558 for the 2001–02 fiscal year shall be allocated on a one-time basis in the following manner:

(1) Each school district and county office of education subject to a reduced apportionment pursuant to this section or to Section 2558 shall receive a share of the amount described in paragraph (3) that is proportionate to the reduction in their apportionment pursuant to this section or to Section 2558 for the 2001–02 fiscal



year as compared to the statewide total reduction that would occur absent this paragraph.

(2) For the 2001–02 fiscal year, in lieu of the alternative calculation authorized by paragraph (1), San Francisco Unified School District shall receive an amount equal to five dollars and 57 cents (\$5.57) multiplied by its second principal apportionment average daily attendance for the 2001–02 fiscal year.

(3) Notwithstanding any other provision of law, total allocations pursuant to this subdivision shall not exceed thirty-five million dollars (\$35,000,000).

(c) Thirty-five million dollars (\$35,000,000) is hereby appropriated from the General Fund for transfer to Section A of the State School Fund for local assistance for the purpose of limiting the reductions to revenue limits calculated pursuant to this section and to Section 2558 for the 2003–04 fiscal year. Funding from this appropriation shall be allocated in the following manner:

(1) Each school district and county office of education subject to a reduced apportionment pursuant to this section or to Section 2558 shall receive a share of the amount appropriated in this subdivision that is proportionate to the reduction in their apportionment pursuant to this section or to Section 2558 for the 2003–04 fiscal year as compared to the statewide total reduction that would occur absent this paragraph.

(2) For the 2003–04 fiscal year, in lieu of the alternative calculation authorized by paragraph (1), the San Francisco Unified School District shall receive an amount equal to five dollars and 57 cents (\$5.57) multiplied by its second principal apportionment average daily attendance for the 2003–04 fiscal year.

(3) Notwithstanding any other provision of law, total allocations pursuant to this subdivision shall not exceed thirty-five million dollars (\$35,000,000) for the 2003–04 fiscal year.

(4) For the purposes of making the computations required by Sections 8 of Article XVI of the California Constitution, the appropriation made by this section shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2003–04 fiscal year and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,”



as defined in subdivision (e) of Section 41202 of the Education Code, for the 2003–04 fiscal year.

(d) For the 2004–05 fiscal year, and each fiscal year thereafter, apportionment reductions pursuant to this section and to Section 2558 shall be limited as follows:

(1) Each school district and county office of education subject to a reduced apportionment pursuant to this section or to Section 2558 shall receive a share of the amount described in paragraph (3) that is proportionate to the reduction in their apportionment pursuant to this section or to Section 2558 for the 2004–05 fiscal year as compared to the statewide total reduction as would occur absent this paragraph.

(2) In lieu of the alternative calculation authorized by paragraph (1), the San Francisco Unified School District shall receive funding equal to the amount of funding per unit of average daily attendance specified in paragraph (2) of subdivision (c) as increased annually by cost-of-living adjustments specified in Section 42238.1, multiplied by its second principal apportionment average daily attendance for that fiscal year.

(3) Notwithstanding any other provision of law, total limitations pursuant to this subdivision shall not annually exceed the amount described in paragraph (3) of subdivision (c) as annually increased by the cost-of-living adjustments specified in Section 42238.1, multiplied by the annual statewide percentage growth in total average daily attendance, measured at the second principal apportionment.

SEC. 4. Section 42238.44 of the Education Code is amended to read:

42238.44. (a) This section shall be known and may be cited as, the Fairness in Education Funding Act.

(b) (1) For the 2003–04 fiscal year, the Superintendent of Public Instruction shall compute an equalization adjustment for each school district, so that no district’s 2002–03 base revenue limit per unit of average daily attendance is less than the 2002–03 base revenue limit per unit of average daily attendance above which fall not more than 10 percent of the total statewide units of average daily attendance for each category of school district set forth in subdivision (c).

(2) For purposes of this section, the district base revenue limit and the statewide average base revenue limit shall not include any amounts attributable to Section 45023.4, 46200, or 46201.

(c) Subdivision (b) shall apply to the following school districts, which shall be grouped according to size and type as follows:

District	ADA
Elementary	less than 101
Elementary	more than 100
High School	less than 301
High School	more than 300
Unified	less than 1,501
Unified	more than 1,500

(d) The Superintendent of Public Instruction shall compute a revenue limit equalization adjustment for each school district's base revenue limit per unit of average daily attendance as follows:

(1) Multiply the amount computed for each school district pursuant to subdivision (b) by the average daily attendance used to calculate the district's revenue limit for the 2003–04 fiscal year.

(2) Divide forty million dollars (\$40,000,000) for the 2003–04 fiscal year by the statewide sum of the amount computed pursuant to paragraph (1).

(3) Multiply the amount computed for the school district pursuant to paragraph (1) of subdivision (b) by the amount computed pursuant to paragraph (2).

(e) (1) For the purposes of this section, the 2002–03 statewide 90th percentile base revenue limit determined pursuant to paragraph (1) of subdivision (b), and the fraction computed pursuant to paragraph (2) of subdivision (d) for the 2002–03 second principal apportionment, shall be final, and shall not be recalculated at subsequent apportionments. The fraction computed pursuant to paragraph (2) of subdivision (d) shall not, under any circumstances, exceed 1.00. For purposes of determining the size of a school district pursuant to subdivision (c), county superintendents of schools, in conjunction with the Superintendent of Public Instruction, shall use school district revenue limit average daily attendance for the 2002–03 fiscal year as determined pursuant to Section 42238.5 and Article 4 (commencing with Section 42280).

(2) For the purposes of calculating the size of a school district pursuant to subdivision (c), the Superintendent of Public Instruction shall include units of average daily attendance of any charter school for which the school district is the chartering agency.

(3) For the purposes of computing the target amounts pursuant to subdivision (b), the Superintendent of Public Instruction shall count all charter school average daily attendance toward the average daily attendance of the school district that is the chartering agency.

SEC. 5. Section 42238.45 is added to the Education Code, to read:

42238.45. (a) (1) For the 2001–02 fiscal year, the Superintendent of Public Instruction shall compute an adjustment for each school district, so that no district’s 2000–01 base revenue limit per unit of average daily attendance is less than the 2000–01 base revenue limit per unit of average daily attendance above which fall not more than 10 percent of the total statewide units of average daily attendance for each category of school district set forth in subdivision (b).

(2) For purposes of this section, the district base revenue limit and the statewide average base revenue limit shall not include any amounts attributable to Section 45023.4, 46200, or 46201.

(b) Subdivision (a) shall apply to the following school districts, which shall be grouped according to size and type as follows:

District	ADA
Elementary	less than 101
Elementary	more than 100
High School	less than 301
High School	more than 300
Unified	less than 1,501
Unified	more than 1,500

(c) For the 2001–02 fiscal year, the Superintendent of Public Instruction shall determine and allocate on a one-time basis for each school district amounts as follows:

(1) Multiply the amount computed for each school district pursuant to subdivision (a) by the average daily attendance used to calculate the district’s revenue limit for the 2001–02 fiscal year.



(2) Divide forty million dollars (\$40,000,000) appropriated for purposes of this section for the 2001–02 fiscal year by the statewide sum of the amount computed pursuant to paragraph (1).

(3) Multiply the amount computed for the school district pursuant to paragraph (1) of subdivision (a) by the amount computed pursuant to paragraph (2).

(d) (1) For the purposes of calculating the size of a school district pursuant to subdivision (b), the Superintendent of Public Instruction shall include units of average daily attendance of any charter school for which the school district is the chartering agency.

(2) For the purposes of computing the target amounts pursuant to subdivision (a), the Superintendent of Public Instruction shall count all charter school average daily attendance toward the average daily attendance of the school district that is the chartering agency.

(e) Allocations for purposes of this section do not represent adjustments to school district base revenue limits.

SEC. 6. Section 51725 of the Education Code is amended to read:

51725. (a) The High-Tech High School Grant Program is hereby established to provide five one-time grants to eligible school districts or charter schools for purposes of establishing new high-tech high schools.

(b) As used in this article, “high-tech high school” means a public comprehensive high school maintained by a school district or charter school that offers a very rigorous college preparation curriculum with an emphasis in science, mathematics, and engineering, and also may include digital arts and media. Technology shall be integrated throughout the curriculum and shall be a fundamental tool for both teaching and learning. Instruction at a high-tech high school shall be consistent with the academic content standards adopted by the State Board of Education and the applicable curriculum framework content standards adopted by the State Board of Education. A high-tech high school may not include a school maintained by the California Youth Authority, or operated by a regional occupational center or program, continuation high school, community day school, a State Special School, distance learning school, or independent study school. An adult education program may not be offered at a



high-tech high school. Nothing in this section prohibits a comprehensive high school that operates a high-tech high school from having an affiliation with a regional occupational center or program, but the regional occupational center or program shall not be eligible for funding under this article and may not establish a high-tech high school under this article.

(c) The Superintendent of Public Instruction shall administer the application process for the award of grants. The Superintendent of Public Instruction, with the approval of the State Board of Education shall award grants on a competitive basis. The total amount of each grant is two million dollars (\$2,000,000), which shall be awarded over two years. The award of a grant requires a local match that is at least equal to the amount of the grant. All funds awarded pursuant to this section shall be used solely for the establishment of high-tech high schools. Notwithstanding any other provision of law, the Superintendent of Public Instruction shall not be required to adopt regulations in order to administer the High-Tech High School Grant Program and allocate program funds.

(d) Funding for the purposes of this article is contingent on an appropriation made in the annual Budget Act or other legislation. Funding in each year shall be equally divided among schools awarded grants, with no recipient receiving more than two million dollars (\$2,000,000) in total over the two years.

SEC. 7. Section 51727 of the Education Code is amended to read:

51727. (a) The Superintendent of Public Instruction shall accept applications and may not award more than five grants. Applications shall be due February 1, 2002. The Superintendent of Instruction shall complete the review of applications pursuant to subdivision (c) of Section 51726 and make awards pursuant to subdivision (d) of Section 51726 no later than March 31, 2002. The proposed high-tech high school for which a school district or charter school receives funding shall be operational by September 30, 2002. If the Superintendent of Public Instruction does not receive five applications that merit funding pursuant to subdivision (c) of Section 51726, some or all grants may be delayed until receiving the approval of the State Board of Education.



(b) The Superintendent of Public Instruction, with the approval of the State Board of Education, may, upon a showing of good cause and if necessary, extend any of the following dates:

- (1) The deadline for application submission.
- (2) The date the grant award is to be made.
- (3) The date by which a high-tech high school is to be operational.

(c) If a grant recipient fails to make the high-tech high school operational by the specified date, the Superintendent of Public Instruction, with the approval of the State Board of Education may rescind the grant award and award the grant funds to another eligible grant recipient as determined by the Superintendent of Public Instruction, with the approval of the State Board of Education.

(d) If the grant funds awarded pursuant to this article are not used towards the establishment and implementation of a new high-tech high school, the Superintendent of Public Instruction shall withhold an amount equal to the funds the school district or charter school received pursuant to this article from the next monthly principal apportionment payment. The Superintendent of Public Instruction shall conduct compliance visits as required to ensure that the funds are used appropriately.

SEC. 8. Section 51729 of the Education Code is amended to read:

51729. This article shall remain in effect only until January 1, 2004, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2004, deletes or extends that date.

SEC. 9. Section 52055.660 is added to the Education Code to read:

52055.660. Notwithstanding any provision of this article, for the 2001–02 fiscal year, the Superintendent of Public Instruction shall allocate funds for the program established by this article as specified in the Budget Act of 2001, as amended by legislation enacted during the 2001–02 Third Extraordinary Session.

SEC. 10. Section 1 of Chapter 723 of the Statutes of 2001 is amended to read:

Section 1. Of the funds provided pursuant to Schedules (1), (16), and (17) of Item 6110-485 of Section 2 of the Budget Act of 2001, the Controller shall allocate the amounts as follows:



(a) Five million four hundred fifty-six thousand dollars (\$5,456,000) for the payment of claims from school districts, except for community colleges, pursuant to subdivisions (c) and (h) of Section 48980 of the Education Code (Annual Parent Notification-Staff Development, CSM 97-TC-24), for costs incurred from July 1, 1997, to June 30, 2002, inclusive.

(b) (1) The payment of claims from school districts, except for community college districts, pursuant to former Section 38048 of, and Sections 39831.3 and 39831.5 of, the Education Code and Section 22112 of the Vehicle Code (School Bus Safety Act II, CSM 97-TC-22), for costs incurred from July 1, 1996, to June 30, 2002, inclusive, shall only be made if funds for this purpose are provided in the Budget Act of 2001, as amended by legislation enacted during the 2001–02 Third Extraordinary Session, or any future Budget Acts.

(2) On or before March 18, 2002, the State Auditor shall conduct an audit of the School Bus Safety Act II (CSM-97-TC-22) mandate to provide independently developed and verified information related to the cost of claims associated with the mandate. The State Auditor shall report the results of the audit and recommendations to the appropriate budget subcommittees of each house, the Legislative Analyst, and the Department of Finance on or before March 30, 2002. In conducting the audit, the State Auditor shall do all of the following:

(A) Review and evaluate the laws, rules, and regulations applicable to the issues.

(B) Review the Commission on State Mandates parameters and guidelines to determine if they adequately define the mandate's reimbursable activities and provide sufficient guidance for claiming reimbursable costs.

(C) Examine any prior reviews of the cost of claims.

(D) Examine a sample of the cost of claims to determine if the expenditures and activities that are claimed are consistent with the parameters and guidelines for reimbursement that have been adopted by the Commission on State Mandates.

(E) Evaluate the commission's methodology for estimating the future costs of this mandate.

(3) Payment of claims pursuant to this subdivision shall not be made by the Controller until the time the State Auditor has completed the audit required by paragraph (2) to determine



whether the parameters and guidelines related to the act are consistent with the original intent of the Legislature and the Department of Finance has approved the release of these funds.

(4) The Department of Finance shall not approve the release of these funds sooner than 30 days after notification in writing of the necessity therefor to the chairperson of the budget subcommittee of each house that considers education budgets. The notification shall include a statement from the Controller specifying the extent to which the proposed release of funds is consistent with, or departs from, the findings of the State Auditor.

(c) Thirty-one million two hundred thirty-nine thousand dollars (\$31,239,000) for the payment of claims from school districts, except for community college districts, pursuant to Sections 628.2 and 628.6 of the Penal Code and Sections 700 to 704, inclusive, of Title 5 of the California Code of Regulations, and the Department of Education Guidelines for School Crimes Reporting (School Crimes Reporting II, CSM 97-TC-03), for costs incurred from July 1, 1996, to June 30, 2002, inclusive.

SEC. 11. Section 33 of Chapter 891 of the Statutes of 2001 is amended to read:

Sec. 33. The amount of forty million dollars (\$40,000,000) is hereby appropriated from the Proposition 98 Reversion Account to the Superintendent of Public Instruction for transfer to Section A of the State School Fund for the purposes of Section 42238.45 of the Education Code.

SEC. 12. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to ensure continued funding and operation of the primary and secondary public schools in this state, it is necessary that this act take effect immediately.



Approved _____, 2002

Governor

